



State of California
Employment Training Panel

Training Proposal for:
**Natural Selection Foods, L.L.C. dba
Earthbound Farm**

Agreement Number: ET09-0231

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **San Francisco Bay Area**

Analyst: T. Teles

PROJECT PROFILE

Contract
Type: Priority/Retrainee

Industry
Sector(s): Manufacturing
Agriculture

Counties
Served: San Benito, Monterey

Repeat
Contractor: ☐ Yes ☒ No

Union(s): ☐ Yes ☒ No

Priority
Industry: ☒ Yes ☐ No

No. Employees in CA: 422

No. Employees Worldwide: 422

Turnover Rate %	Manager/ Supervisor %
10%	15%

FUNDING DETAIL

Program Costs	Substantial Contribution	Total ETP Funding
\$173,160	\$0	\$173,160

In-Kind Contribution
\$175,000

TRAINING PLAN TABLE

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Priority/Retrainee	Business Skills, Computer Skills, Continuous Improvement, Manufacturing Skills	130	24-200	0	\$1,332	\$12.85
				Weighted Avg: 74			

Minimum Wage by County: \$12.85 for San Benito and Monterey counties

Health Benefits: ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☒ Yes ☐ No

\$1.35 per hour may be used to meet the Post-Retention Wage.

Other Benefits: 401K, annual vacation, sick, holiday and other paid time off.

Wage Range by Occupation	
Occupation Title	Wage Range
Supervisor/Manager, Lead	
Administration, Support Staff	
Technical Staff	
Production Worker	

INTRODUCTION:

In this proposal, Natural Selection Foods L.L.C. dba Earthbound Farm (Earthbound Farm) seeks funding for retraining as outlined below:

Earthbound Farm was founded in 1984 in Carmel Valley as a farm and organic raspberry stand. The company grows, manufactures, packages, and distributes organic produce for natural food and grocery retail stores, chain supermarkets, restaurants, schools, and food service organizations. The company has facilities in San Juan Bautista and Carmel and employs 422 individuals.

Earthbound Farm currently farms on more than 40,000 acres and is the largest grower of organic produce. The company promotes sustainable agriculture - the ability of a farm to produce food indefinitely, without causing irreversible damage to ecosystem health. The company is committed to conserving the environment and uses organic methods of farming, runs most of the farm equipment and some of the company vehicles on biodiesel, and uses recycled cardboard for its salad cartons. These measures avoid the use of conventional agricultural chemicals, conserve petroleum, and save trees, landfill space, kilowatts of energy, and water. In 2003, the owners received the Global USA's Corporate Environmental

Leadership award for keeping over 300,000 pounds of synthetic pesticides out of the environment and in 2005 the company was awarded the (California) Governor's Environmental and Economic Leadership Award.

In addition to using organic methods and conserving the environment, the company has challenged itself to be at the forefront of food safety technology and processes and must develop next generation standards to ensure the safety of its food products. Customers not only expect healthy and safe food, they are demanding new products and new varieties. Although the company has launched new products – it was the first company to successfully launch pre-washed, packaged salad for retail sale – it must continually develop different products, varieties, packaging, and find new markets.

Earthbound Farm is requesting ETP funds to provide training to transition to a high performance workplace to compete with products from other state and other countries, to maintain high quality, and meet increased demand. Earthbound Farm is eligible for ETP funding under Title 22, California Code of Regulations, Section 4416(i)(2) as a priority industry engaged in food manufacturing.

Green Business Operations

Earthbound Farm is a business that promotes a clean and healthy environment through the production, conservation, and responsible use of natural resources and the reduction of energy consumption, waste, and pollution. As discussed earlier, the company also supports the environment through organic farming.

PROJECT DETAILS

Earthbound Farm is requesting funds to provide company-wide skills training to eliminate waste, reduce excess inventory, reduce lead time from order entry to delivery, and provide customer satisfaction. Training will be in the following skills:

Business Skills The success of meeting increased business demands is contingent upon the organization's ability to think strategically at all levels and to provide excellent customer service and support. Business Skills will help align the organization to achieve company goals by providing product and customer service visibility and accountability to all levels of employees.

Computer Skills This training will enable the company to meet customer demand for rapid response. Staff will receive training in a new software application geared to increase efficiency and reduce production lead time. Cross-training in software applications will expedite the purchasing, costing, inventory, materials management, and job tracking capabilities. Servers will be upgraded to improve cross-functional integration including scheduling, planning, and human resources.

Continuous Improvement The training proposed for all employees is critical in shifting the organization to a cross-functional high performance workplace. All trainees will receive continuous training which will support the company's goals of moving towards a high performance workplace and is projected to improve operating costs, reliability, quality, and customer satisfaction and the ability to meet the increasing demand of business.

Manufacturing Skills Employees will receive training that will enable them to participate in cross-functional work teams during peak volume periods. The expected result of manufacturing skills training is increased capabilities, larger market share, cost savings, cycle time reduction and new product development and industry growth.

Commitment to Training

Earthbound Farm reports that the current training has been limited to various pilot programs to respond to customer demands, ad hoc training initiatives, crisis management efforts, training in a single department or area of business, new hire orientation, on-the-job training, seminars, and conferences. The company's current training budget is \$225,000 annually. The ETP funding will allow the company to offer more courses and additional hours of training to more employees and will enable Earthbound to develop a formalized training program that will become integrated into business processes and organizational structure and continue beyond the ETP funding.

The company represents that ETP funds will not displace the existing financial commitment to training. Indeed, Earthbound Farm anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area. Safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

DEVELOPMENT SERVICES

The company retained Sallyanne Monti in San Francisco to assist with development of this proposal for a flat fee of \$6,000.

ADMINISTRATIVE SERVICES

The company also retained Sallyanne Monti to perform administrative services in connection with this proposal for a fee to be determined but not to exceed 13% of payment earned.

TRAINING VENDORS

Gavilan Community College of Gilroy; Sallyanne Monti of San Francisco; and University of California, Santa Cruz have been retained to provide training for fees to be determined. Other trainers will be identified for ETP record-keeping purposes, as they are retained.

Exhibit B: Menu Curriculum

Class Lab Hours

24-200

Trainees will receive any of the following:

BUSINESS SKILLS

- Customer Service
- Marketing with Quality
- Performance Management
- Product Development
- Sustainable Agriculture

COMPUTER SKILLS

- Intermediate/Advanced Computer Software
- Manufacturing Resource Planning (MRP)
- SQL Network Server

CONTINUOUS IMPROVEMENT

- Continuous Improvement Techniques
- Frontline Decision Making and Problem Solving
- High Performance Work Teams Techniques
- Leadership Skills for Frontline Worker
- Quality Management

MANUFACTURING SKILLS

- Assembly Techniques
- Distribution Skills
- Equipment Operation
- Food Safety
- Product Handling
- Inventory Management Techniques
- Lean Manufacturing Techniques
- Warehouse